

OFFICE OF THE ILLINOIS STATE TREASURER ALEXI GIANNOULIAS

OUR OWN HOME Lender Enrollment Package

Enclosures:

1. **OUR OWN HOME** Policies and Procedures
2. Illinois Statute 15 ILCS 520/7
3. Illinois Median Home Values by County
4. Terms for Pledge of Collateral Under the **OUR OWN HOME** Program



In order to enroll in the program, please complete and sign
**“Terms for Pledge of Collateral Under the Our Own Home
Program”** Agreement and fax to the attention of:

Ben Noven
Our Own Home/Mi Casa USA
Program Director
Illinois State Treasurer Alexi Giannoulias
P: (312) 814-1249
F: (312) 814-3716



ILLINOIS STATE TREASURER

OUR OWN HOME

Policies and Procedures



Under Our Own Home, the State Treasurer will pledge collateral to help secure loans to qualified borrowers that is equal to up to 10% of the amount of a qualifying loan. In order for a loan to qualify, the loan must be for the purchase or refinance of a home located in Illinois and the home value cannot exceed \$208,500 or the median home value in the county in which the home is located, whichever is less. Also, the loan must not meet the Fannie Mae secondary market guidelines. Qualified borrowers are Illinois residents with a combined annual household income that does not exceed \$75,000.

Collateral may be pledged on new home loans and refinanced home loans. Pledges of collateral on new home loans may be made only where a participating financial institution would not otherwise offer the borrower a home loan under its prevailing credit standards without the incentive of the pledge. Pledges of collateral on refinanced loans may be made only where the borrower has failed to make payments on an existing home loan as the result of financial hardship due to circumstances beyond the control of the borrower and where there is a reasonable prospect that the borrower will be able to resume full mortgage payments.

Participants in Our Own Home are required to contact a participating financial institution. The participant and the participating financial institution are responsible for completing a one-page application form and forwarding the signed form to First Midwest Bank for review. First Midwest Bank will review the application for completeness and verify that the loan does not meet the Fannie Mae Secondary Market guidelines prior to signing it and forwarding the application to the State Treasurer for final approval.

The Treasurer will promptly review and sign all approved applications prior to returning the application to First Midwest Bank for processing. Upon receipt of the application from the Treasurer, First Midwest Bank will inform the participating financial institution of the approval, account for the pledge of the collateral, and provide the participating financial institution evidence of the pledge.

Pledges shall be made for five years. In the case of foreclosure, payment of no more than the pledged amount shall be made to the financial institution after the financial institution has foreclosed on the home and has realized a loss. The amount of the payment shall not exceed the amount of the loss to the financial institution.

First Midwest Bank shall calculate the percentage of loans made through each participating financial institution. No participating financial institution may receive pledges that exceed 5% of the collateral fund, unless the Treasurer waives the limitation.

Participating financial institutions may sell loans made under the program to the secondary market, provided that the institutions continue to administer the loan. Participating financial institutions must agree to avoid the lending practices that are prohibited by the predatory lending regulations promulgated by the Governor's office.

*** THIS SECTION IS CURRENT THROUGH PUBLIC ACT 92-532 ***
(92nd GENERAL ASSEMBLY, 2001-2001 REGULAR SESSION)
ANNOTATIONS CURRENT THROUGH NOVEMBER 10, 2001

CHAPTER 15. EXECUTIVE OFFICERS

TREASURER

DEPOSIT OF STATE MONEYS ACT

GO TO THE CODE ARCHIVE DIRECTORY FOR THIS JURISDICTION

15 ILCS 520/7 (2001)

[Prior to 1/1/93 cited as: Ill. Rev. Stat., Ch. 130, para. 26]

§ 15 ILCS 520/7. [Approval or rejection]

Sec. 7. (a) Proposals made may either be approved or rejected by the State Treasurer. A bank or savings and loan association whose proposal is approved shall be eligible to become a State depositary for the class or classes of funds covered by its proposal. A bank or savings and loan association whose proposal is rejected shall not be so eligible. The State Treasurer shall seek to have at all times a total of not less than 20 banks or savings and loan associations which are approved as State depositaries for time deposits.

(b) The State Treasurer may, in his discretion, accept a proposal from an eligible institution which provides for a reduced rate of interest provided that such institution documents the use of deposited funds for community development projects.

(c) The State Treasurer may, in his or her discretion, accept a proposal from an eligible institution that provides for interest earnings on deposits of State moneys to be held by the institution in a separate account that the State Treasurer may use to secure up to 10% of any (i) home loans to Illinois citizens purchasing a home in Illinois in situations where the participating financial institution would not offer the borrower a home loan under the institution's prevailing credit standards without the incentive of a reduced rate of interest on deposits of State moneys, (ii) existing home loans of Illinois citizens who have failed to make payments on a home loan as a result of a financial hardship due to circumstances beyond the control of the borrower where there is a reasonable prospect that the borrower will be able to resume full mortgage payments, and (iii) loans in amounts that do not exceed the amount of arrearage on a mortgage and that are extended to enable a borrower to become current on his or her mortgage obligation.

The following factors shall be considered by the participating financial institution to determine whether the financial hardship is due to circumstances beyond the control of the borrower: (i) loss, reduction, or delay in the receipt of income because of the death or disability of a person who contributed to the household income, (ii) expenses actually incurred related to the uninsured damage or costly repairs to the mortgaged premises affecting its habitability, (iii) expenses related to the death or illness in the borrower's household or of family members living outside the household that reduce the amount of household income, (iv) loss of income or a substantial increase in total housing expenses because of divorce, abandonment, separation from a spouse, or failure to support a spouse or child, (v)

unemployment or underemployment, (vi) loss, reduction, or delay in the receipt of federal, State, or other government benefits, and (vii) participation by the homeowner in a recognized labor action such as a strike. In determining whether there is a reasonable prospect that the borrower will be able to resume full mortgage payments, the participating financial institution shall consider factors including, but not necessarily limited to the following: (i) a favorable work and credit history, (ii) the borrower's ability to and history of paying the mortgage when employed, (iii) the lack of an impediment or disability that prevents reemployment, (iv) new education and training opportunities, (v) non-cash benefits that may reduce household expenses, and (vi) other debts.

For the purposes of this Section, "home loan" means a loan, other than an open-end credit plan or a reverse mortgage transaction, for which (i) the principal amount of the loan does not exceed 50% of the conforming loan size limit for a single-family dwelling as established from time to time by the Federal National Mortgage Association, (ii) the borrower is a natural person, (iii) the debt is incurred by the borrower primarily for personal, family, or household purposes, and (iv) the loan is secured by a mortgage or deed of trust on real estate upon which there is located or there is to be located a structure designed principally for the occupancy of no more than 4 families and that is or will be occupied by the borrower as the borrower's principal dwelling.

(d) If there is an agreement between the State Treasurer and an eligible institution that details the use of deposited funds, the agreement may not require the gift of money, goods, or services to a third party; this provision does not restrict the eligible institution from contracting with third parties in order to carry out the intent of the agreement or restrict the State Treasurer from placing requirements upon third-party contracts entered into by the eligible institution.

HISTORY: Source: P.A. 84-754; 89-350, § 10; 92-482, § 5; 92-531, § 5.

NOTES:

NOTE.

This section was Ill.Rev.Stat., Ch. 130, para. 26.

EFFECT OF AMENDMENTS.

The 1995 amendment by P.A. 89-350, effective August 17, 1995, added the sixth sentence.

The 2001 amendment by P.A. 92-482, effective August 23, 2001, added subsection (a), (b) and (d) designations, and added subsection (c).

The 2001 amendment by P.A. 92-531, effective February 8, 2002, all in subsection (c): in the first paragraph, inserted "participating financial", and substituted the language beginning with "financial hardship due to" and ending "mortgage payments, and" through the end of the first paragraph for "temporary layoff or disability, but who have resumed making payments on the home loan and have made at least 2 consecutive payments, when under the institution's prevailing policies it would commence or pursue foreclosure proceedings if it were not for the incentive of a reduced rate of interest on deposits of State moneys"; inserted the second paragraph; in the last paragraph, substituted "no more than 4 families" for "one family"; and made related and stylistic changes.

**TERMS FOR PLEDGE OF COLLATERAL UNDER
OUR OWN HOME PROGRAM**

The Illinois State Treasurer ("Treasurer"), First Midwest Bank ("Bank") and _____ ("Financial Institution") agree that the following terms will govern all pledges of collateral for home mortgage loans made under the Our Own Home Program ("Program"):

The Financial Institution may offer home mortgage loans to qualified borrowers under the Program if the borrower would not otherwise qualify for a loan under the Financial Institution's prevailing credit standards without the incentive of the Treasurer's pledge of collateral. The Financial Institution will review each borrower's eligibility for the Program. Eligibility for assistance in the Program requires that: (1) the borrower must have a combined annual household income that does not exceed \$75,000; (2) the loan is for the purchase, refinance or loan modification of a home located in Illinois and the loan amount does not exceed 50% of the conforming loan size limit for a single-family dwelling as established from time to time by the Federal National Mortgage Association or the median home value in the county in which the home is located, whichever is less; (3) the loan meets the requirements of Section 7 of the Deposit of State Moneys Act; and (4) the loan does not meet Fannie Mae's secondary market guidelines. The Treasurer may require that no more than 5% of the value of the collateral fund is pledged to secure all participating loans from the Financial Institution at any time.

Once the Financial Institution determines that an applicant is eligible to participate in the Program, it must verify eligibility and obtain the Treasurer's final approval. Following this approval, the Bank will send to the Financial Institution documentation evidencing the pledge of collateral, which will be made for a five-year term and may not exceed 10% of the value of the loan. The Bank must maintain records identifying pledges of collateral on each of the Financial Institution's loans. The Financial Institution will receive from Bank an account number identifying the Financial Institution's participation in the Program and sub-account numbers identifying each of the Financial Institution's participating loans.

The Financial Institution must process all loans in a commercially reasonable manner. Loans may be sold to the secondary market so long as the Financial Institution continues to administer the loans. The Financial Institution agrees to avoid predatory lending practices that are prohibited by the predatory lending regulations promulgated by the Governor's Office.

The Financial Institution must inform the Bank and Treasurer if a Borrower repays the loan so that the Bank can remove the pledge of collateral. The Bank will monitor term lengths on all loans and remove pledges of collateral from each loan after five years. If the Financial Institution determines that a loan must be foreclosed, the Financial Institution will provide notice to the Bank and Treasurer of its intent to pursue foreclosure proceedings. The Financial Institution must follow and comply with all state, county and federal statutory and regulatory foreclosure proceedings. The Bank will review the Financial Institution's claims of losses after the sale of a foreclosed home. The Bank will pay the Financial Institution for any deficiency on a foreclosed home up to the amount pledged. If the borrower makes redemption after the foreclosed home is sold, the Financial Institution must return the amount of collateral paid out on the property to the Bank for deposit into the collateral fund.

Upon the Treasurer's receipt of this signed pledge, the financial institution is an eligible financial institution for the Our Own Home Program.

Acknowledged:

By: _____/
Director, Our Own Home/Mi Casa USA Program / Print & Sign Name

Date: _____

By: _____/
Bank Administrator, Our Own Home Program / Print & Sign Name

Date: _____

By: _____/
(Participating Financial Institution) / Print & Sign Name

Date: _____